



Current Residential Services for People with Developmental Disabilities: Descriptions & Costs

Presented to the Washington State
Developmental Disabilities Residential Study
Advisory Group

November 18, 2005



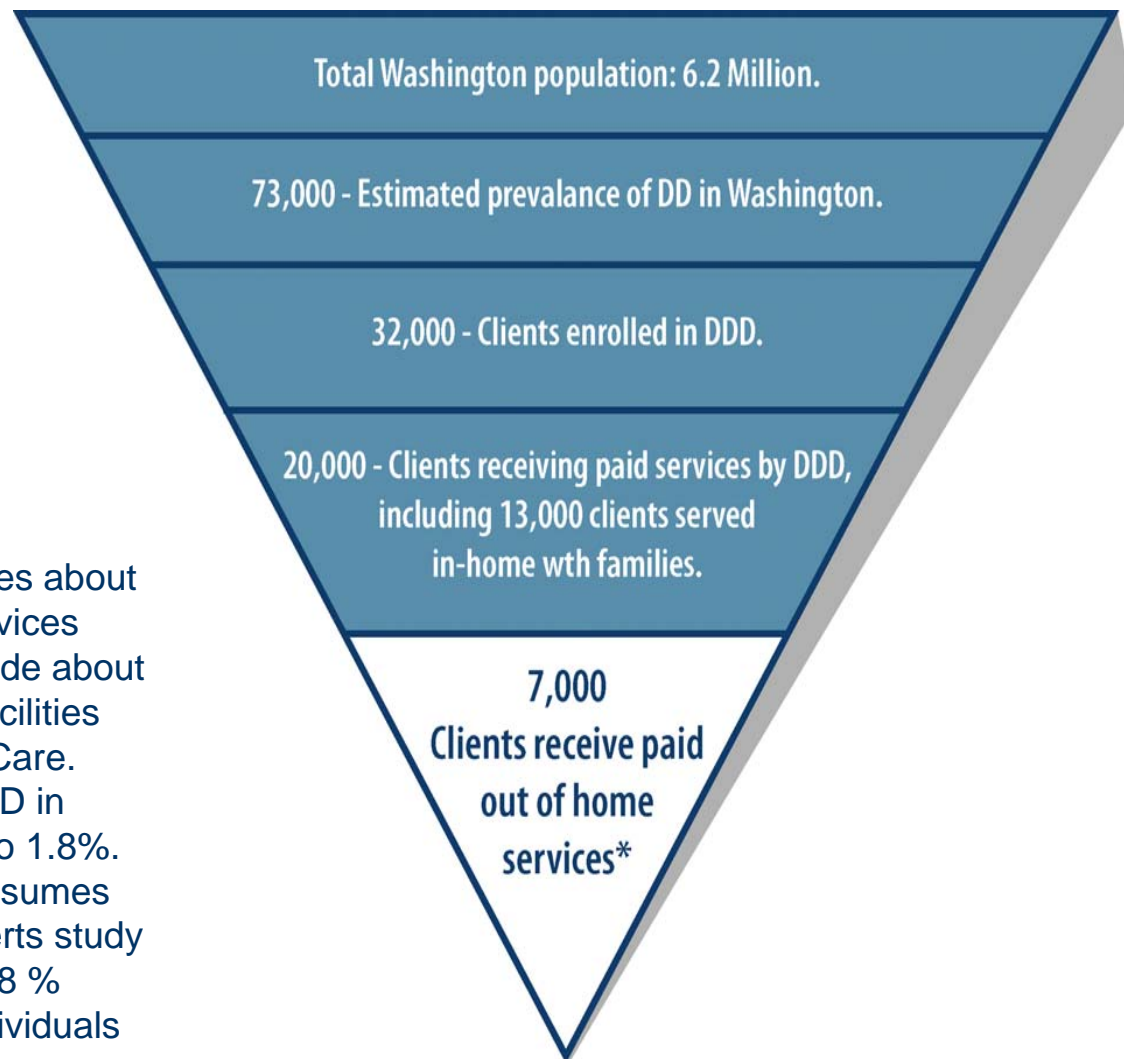
Goals of this presentation:

To gain a basic understanding of:

- Various adult residential settings,
- The total expenditures and per client costs of various adult residential settings, and
- The difficulty of comparing costs and client need between various adult residential settings.



This presentation focuses on paid residential services not provided by the client's family.



*All figures are rounded. Includes about 330 children with residential services paid for DDD, but does not include about 470 adults with DD in nursing facilities that are paid for by Long-Term Care. Also, estimated prevalence of DD in Washington ranges from 1.2% to 1.8%. The prevalence figure shown assumes 1.2%, from a Milliman and Roberts study of Washington state in 2000. 1.8 % would indicate over 100,000 individuals with DD.



This presentation will not specifically address client need or acuity.

Assessed client need is difficult to compare among adult residential settings, and data is incomplete.

1. The current sample of assessments done on RHC clients may not be fully representative, and therefore is difficult to compare to clients in community-based settings.
2. Different assessment tools were used for clients with DD in nursing facilities, and this data is not comparable with other data from other tools.
3. Service hours may be able to be used as a proxy for client need, but this information is not included in this presentation, as it needs further review.
4. We do know that high needs clients are served in both institutions and the community.



General Observations About Costs

It is difficult to fairly compare costs among residential settings because of differences among clients and residential settings.

1. Assessed client need is the largest driver of cost, not the care setting.
2. Average costs can be misleading—some clients served in institutions are less expensive than community clients and vice versa.
3. Staff-related costs are the largest component of total expenditures.
4. Staff-related costs are based on either state FTEs (RHCs and SOLA), or on private providers (nursing facilities and most community settings).
5. Daily costs and expenditures shown are based on total FY 04 state and federal expenditures. They do not represent total public costs.
6. Average daily cost data shown do not allow “apples to apples” comparisons between community settings and institutions.
7. Statements about cost are not meant to imply adequacy or inadequacy about the level of funding or about the quality of services provided.



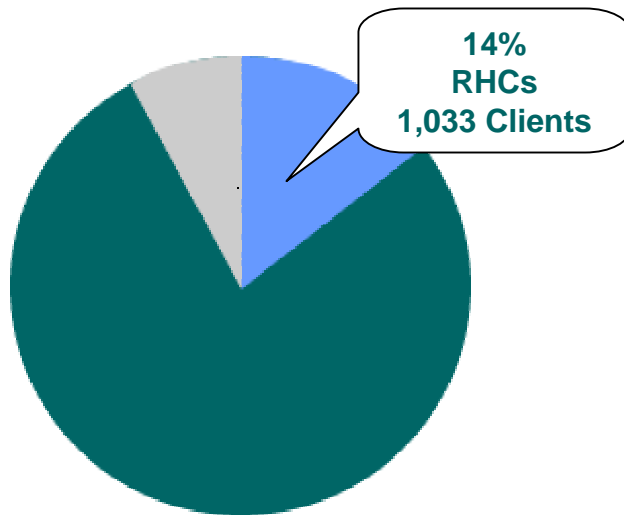
Institutional Settings

Descriptions and Costs

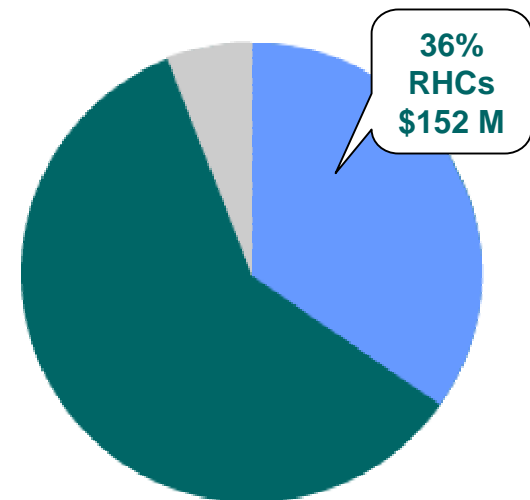


RHCs-Clients and Expenditures as Part of Total Residential Settings

Total Adult Residential Clients
FY 04 = 7,139




Total Expenditures for Adult Residential Services
FY 04 = \$416 M






General Information about RHCs

- The five RHCs are the only state-operated institutional care for people with developmental disabilities.
- Staff provide 24/7 supervision.
- RHCs are certified either as a Skilled Nursing Facility or as an Intermediate Care Facility for the Mentally Retarded (ICF/MR) or both.
- There is not a large degree of specialization between the RHCs.
- ICF/MR clients must be in need of the active treatment and habilitative services provided.
- Subject to capacity and funding, RHCs may provide some respite care and professional services to community-based clients.
- If eligibility and admissions criteria are met, access to the RHCs is an entitlement under the state's Medicaid State Plan.
- 86% of current RHC clients have lived there continuously for over 10 years. 60% have lived there continuously for over 30 years.
- Fewer than 2% of RHC clients are under the age of 23.



Institutional Costs-RHCs

- RHC expenditures and average daily costs reflect a comprehensive cost for RHC services, room and board, and on-site medical care.
- Average daily costs are based on an aggregate of all client costs divided by all clients, and are not attributable to specific clients.
- The average daily cost and total expenditures have been reduced to reflect client participation (about \$20/day).
- As the population of an RHC changes, fixed costs (primarily facility-based) are spread over fewer or more clients, which impacts the average daily cost.



Institutional Costs-RHCs

Included:

- FTE-related expenses.
- Client's services and room and board.
- Facility costs (grounds, utilities).
- Indirect costs for DSHS related to running the facility (accounting, etc.).
- Building and equipment depreciation.
- Non-capitalized building expenditures.
- Bond interest for building improvements.

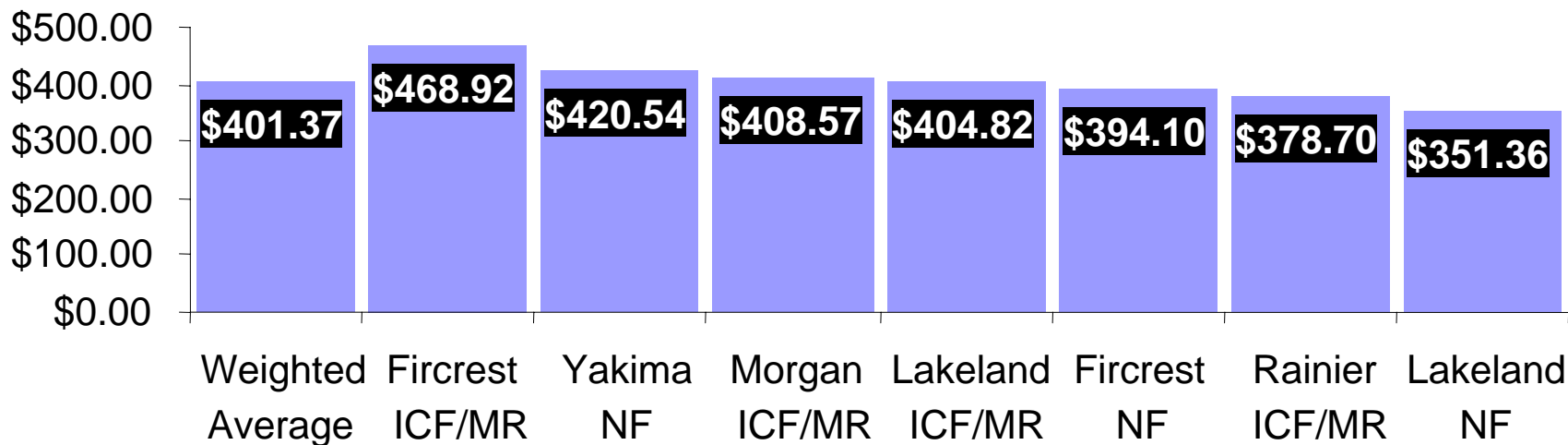
Not Included:

- Incremental costs for services received *outside* of the RHC. This could include items such as off-site employment and day services, or off-site medical care.
- Other public expenditures, such as local government costs related to the institutions, or other DSHS-related costs.
- Any expenditures or revenues related to the Institution for the Mentally Retarded (IMR) tax.



Average daily cost per client varies by RHC and by type of service provided.

Average Daily Cost Per RHC Client, FY04



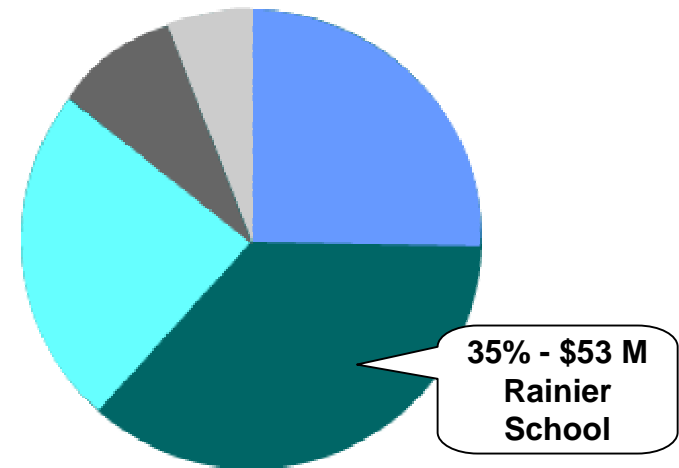


Rainier School

Profile:

- Location: Buckley (Pierce Co.)
- Built: 1938
- Population: 383 (37% of total RHC population)
- Usage: ICF/MR only
- Size: 1,008 Acres
- **JLARC Recommendation:**
 - Current use is the highest valued use for property. Possible timber harvest and excess property that can be sold.

Total RHC Operating Expenditures FY 04 = \$152 M



Average cost per client:

\$378.70/day

\$138,225/year

Staff to Client Ratio:

2.4:1 (All Staff)

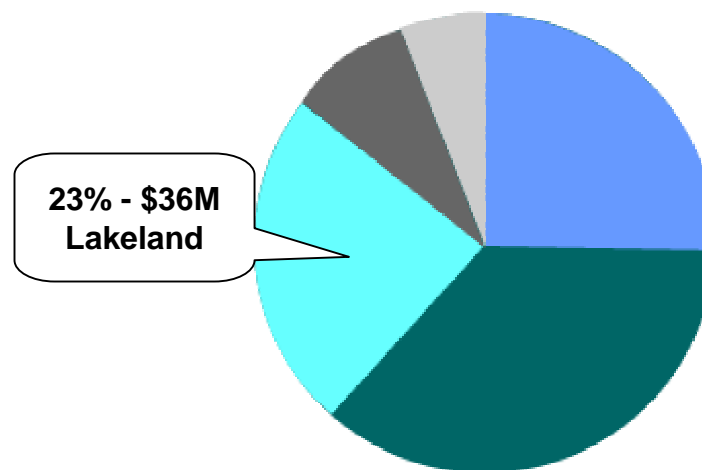
1.5:1 (Direct Care Staff)

Lakeland Village

Profile:

- Location: Medical Lake (Spokane Co.)
- Built: 1914
- Population: 248 (24% of total RHC population)
- Usage: ICF/MR and Skilled Nursing Facility
- Size: 666 Acres
- **JLARC Recommendation:**
 - Current use is the highest valued use for property. Some excess property can be sold.

Total RHC Operating Expenditures FY 04 = \$152 M



Average cost per ICF/MR client

\$404.82/day

\$147,759/year

Average cost per SNF client

\$351.36/day

\$128,246/year

Staff to Client Ratio:

2.3:1 (All Staff)

1.4:1 (Direct Care Staff)

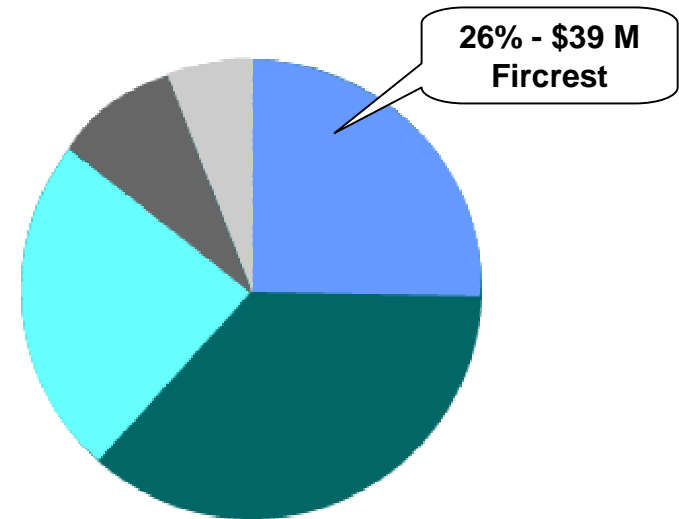


Fircrest School

Profile:

- Location: Shoreline (King Co.)
- Built: 1942
- Population: 243 (24% of total RHC population)
- Usage: ICF/MR and Skilled Nursing Facility
- Size: 87 Acres
- JLARC Recommendation:
 - Has potential alternative use for single family housing.

Total RHC Operating Expenditures FY 04 = \$152 M



Average cost per ICF/MR client:

\$468.92/day

\$171,156/year

Average cost per SNF client:

\$394.10/day

\$143,847/year

Staff to Client Ratio:

2.6:1 (All Staff)

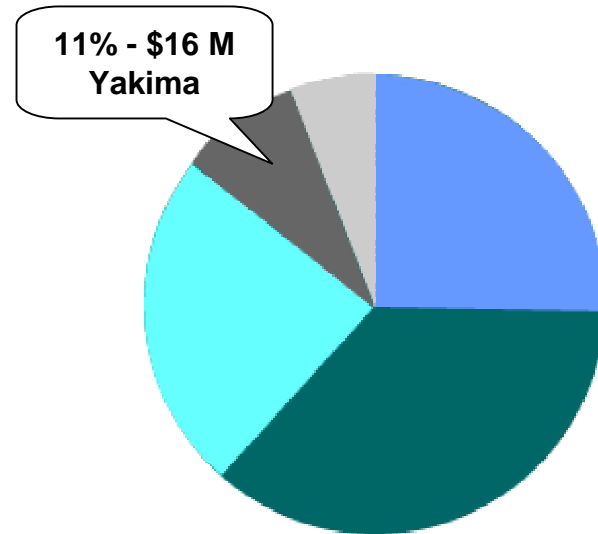
1.4:1 (Direct Care Staff)

Yakima Valley School

Profile:

- Location: Selah (Yakima Co.)
- Built: 1947
- Population: 106 (10% of total RHC population)
- Usage: Skilled Nursing Facility only
- Size: 31 Acres
- Includes funding for 16 respite beds.
- **JLARC Recommendation:**
 - Current use is the highest valued use for property.
 - Has some property that can be sold as agricultural land.

Total RHC Operating Expenditures FY 04 = \$152 M



Average cost per SNF client:

\$420.54/day

\$153,497/year

Staff to Client Ratio:

2.5:1 (All Staff)

1.4:1 (Direct Care Staff)

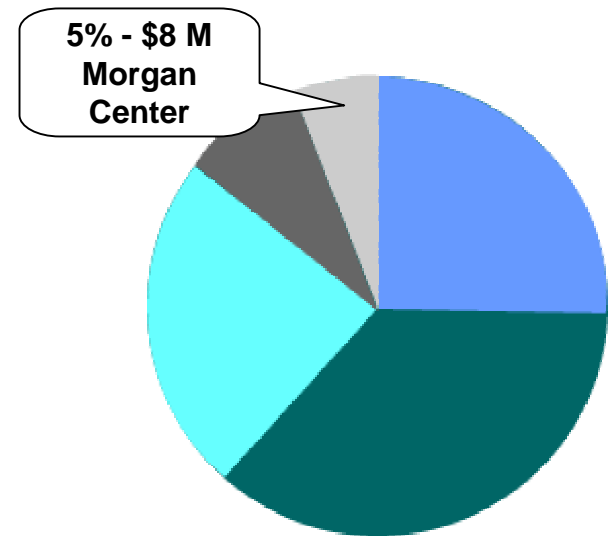


Frances Haddon Morgan Center

Profile:

- Location: Bremerton (Kitsap Co.)
- Built: 1944
- Population: 53 (5% of total RHC population)
- Usage: ICF/MR only
- Size: 12 Acres
- Opened as a center for children with autism.
- Currently, the majority of clients have autism. (Clients with autism are also served at other RHCs and in community settings.)
- **JLARC Recommendation:**
Potential use as a facility for city or state administrative offices.

Total RHC Operating Expenditures FY 04 = \$152 M



Average cost per ICF/MR client

\$408.57/day

\$149,128/year

Staff to Client Ratio:

2.6:1 (All Staff)

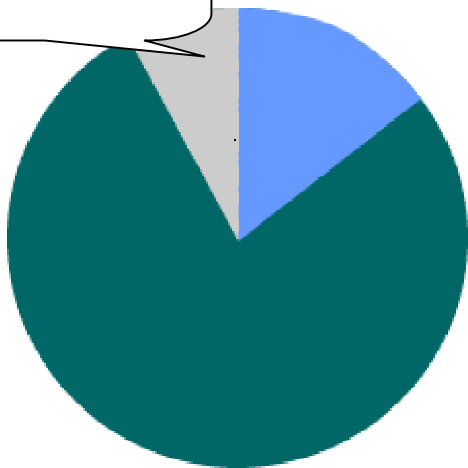
1.4:1 (Direct Service Staff)



Nursing Facilities-Clients and Expenditures as Part of Total Residential Settings

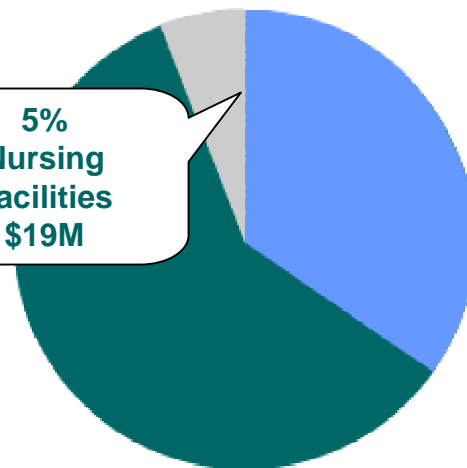
Total Adult Residential Clients
FY 04 = 7,139

7% Nursing Facilities
472 Clients



Total Expenditures for Adult Residential Services
FY 04 = \$416 M

5%
Nursing
Facilities
\$19M





Skilled Nursing Facilities

Profile:

- 472 clients with developmental disabilities in 153 nursing facilities.
- Certified care, provided in a facility by contracted providers.
- 24/7 supervision, nursing care, personal care, and therapy services.
- If eligibility is met, skilled nursing facility services are an entitlement under the Medicaid State Plan.
- Services for clients with DD who are in non-RHC nursing facilities are paid for and managed by DSHS-Long Term Care, not DDD.
- Estimated FY04 expenditures: \$19 M.

Estimated average rate per client:

\$111/day

\$40,424/year

Estimated range:

\$80/day to \$388/day

\$29,000/year to \$142,000/year



Institutional Costs-Nursing Facilities

- Client data and expenditures are snapshots as of July 1, 2005, and assume all clients were in the nursing facility for the entire year.
- Average daily expenditures are based on the rate for 153 nursing facilities which had residents with developmental disabilities. (Expenditures are not specific only to the clients with DD).
- The average daily and total expenditures have been reduced to reflect estimated client participation.
- All figures are estimates.



Nursing facility payments are based on providers' costs:

Included are:

- Client's room and board and services.
- Provider's employee costs.
- Provider's administrative overhead.
- Provider's building and equipment depreciation.
- Provider's non-capitalized property expenses.
- Debt, interest expenses, and working capital.
- Property and business taxes.
- Variable return incentive.

Not Included:

- Costs for services received outside of the nursing facility and not normally included in the daily payment rate.
- Other public expenditures, such as medical assistance, and mental health.
- Payment to nursing facilities for the Quality Maintenance Fee.



Community-Based Settings

Descriptions and Costs



General Information about Community-Based Settings

- Staffed by private contractors, except for SOLAs.
- Some settings are based in client's residence, and some are facility-based.
- Those who are not Medicaid Personal Care eligible may access residential services through a Medicaid waiver.
- Funding, client needs, provider capacity, and client choice all play a role in which setting is used.



Community Costs

- For each setting, the average cost and a distribution of costs are presented.
- Costs represent DDD spending only. Federal and client funds also contribute to community costs:
 - Client contributions (such as from income including the federal Supplemental Security Income-SSI) pay for room and board costs. Average SSI contribution was \$18/day or \$6,768/year in 2004.
 - Clients may receive food stamps or rent subsidies (federal funds), etc.
 - Community costs do not include expenditures from other parts of DSHS:
 - Average FY 04 Medical Assistance per client is \$21/day (total funds)
 - Average Mental Health per capita is estimated at \$4/day (total funds).
- Clients who are expensive to serve in an institution tend to also be expensive to serve in the community.
- Community costs are not necessarily reflective of priority groups who have received funding through budget provisos. (i.e. \$300/day in 03-05 budget).



Most community-based costs are based on providers' costs*:

Included are:

- Provider's employee costs.
- Services for clients.
- Provider's administrative overhead.
- Provider's building and equipment depreciation.
- Provider's non-capitalized property expenses.
- Debt, interest expenses, and working capital.
- Property and business taxes.

Not Included:

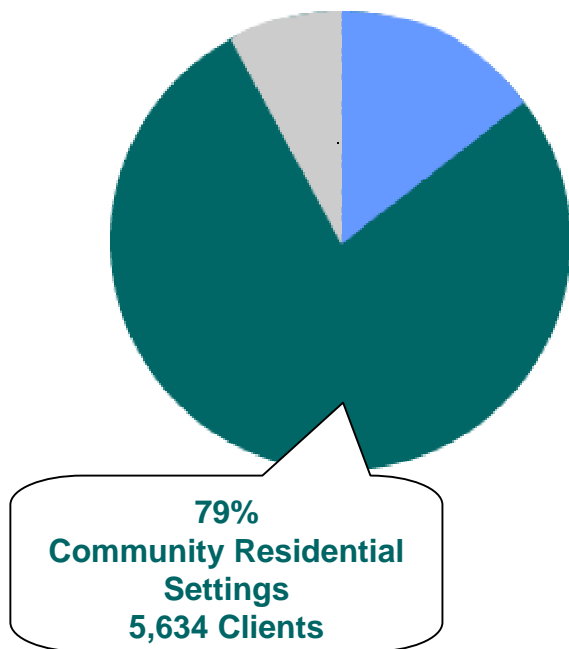
- Incremental costs for services that are not paid by the provider rate, such as employment and day services.
- Other public expenditures, such as local government costs, or other DSHS-related costs (medical assistance, mental health).
- Indirect costs for DDD regional offices or caseworkers.
- In some settings, room and board that clients cover themselves through SSI or other income.

***SOLAs are staffed by state employees instead of contracted providers.**

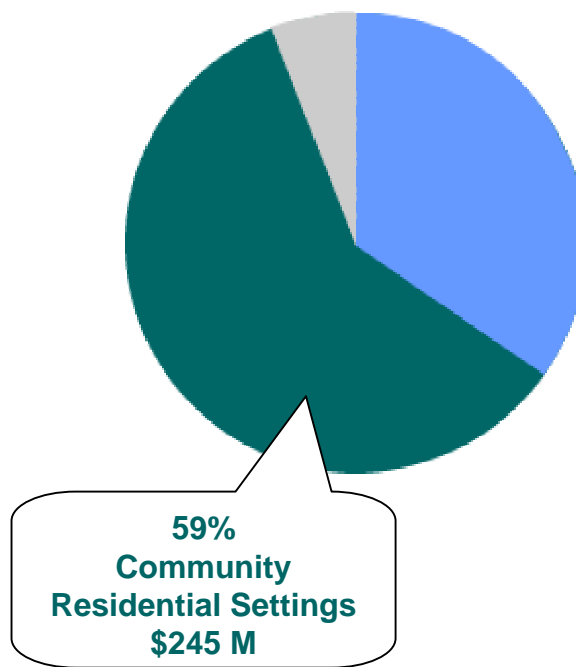


Community-Based Clients and Expenditures as Part of Total Residential Settings

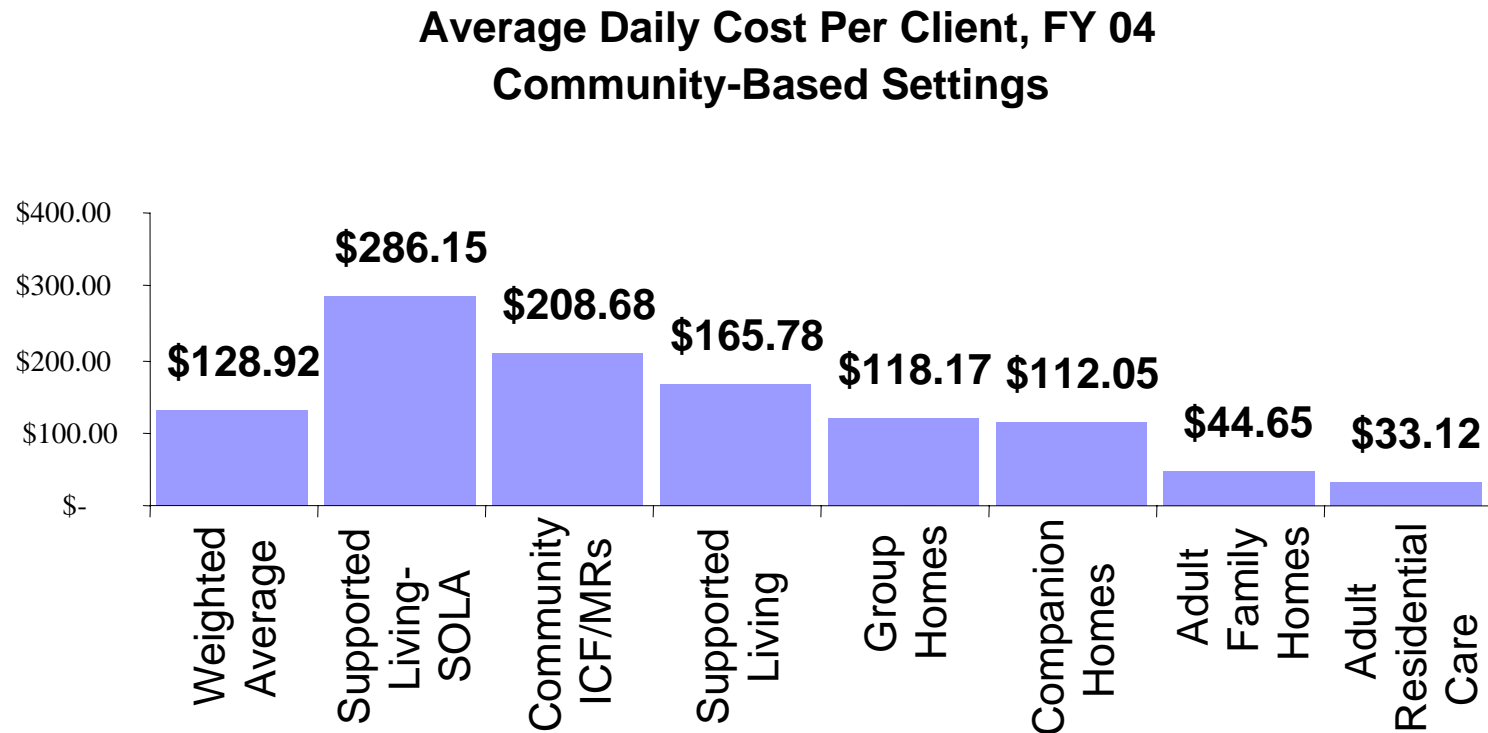
Total Adult Residential Clients
FY 04 = 7,139



**Total Expenditures for
Adult Residential Services**
FY 04 = \$416 M



Average daily cost per client varies by community-based setting.



Reminder: as noted previously, these costs do not reflect full public costs, and are not able to be used in direct comparison to institutional costs.

Supported Living

Profile:

- 3,411 clients, 61% of community residential.
- Certified care, provided in client's residence, by an agency or individual provider.
- Includes habilitation, supervision, and support services. Hours per day vary.
- Room and board costs are paid separately (i.e. through SSI).
- Any employment and day programs are paid separately.
- Clients whose needs cannot be served in adult family homes or other group settings may be served by Supported Living.
- Includes 389 clients in the Community Protection Program.

Average cost per client:

\$165.78/day

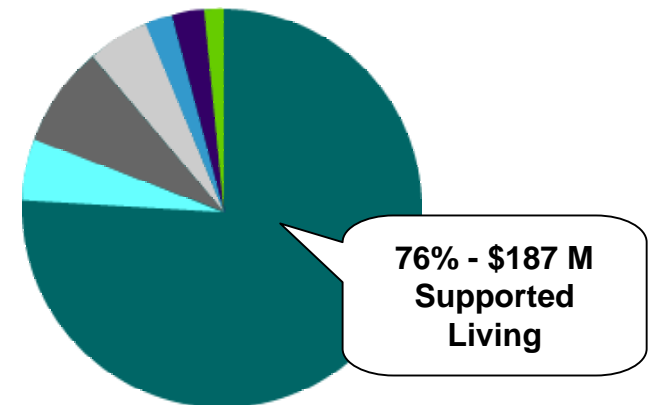
\$60,509/year

Range:

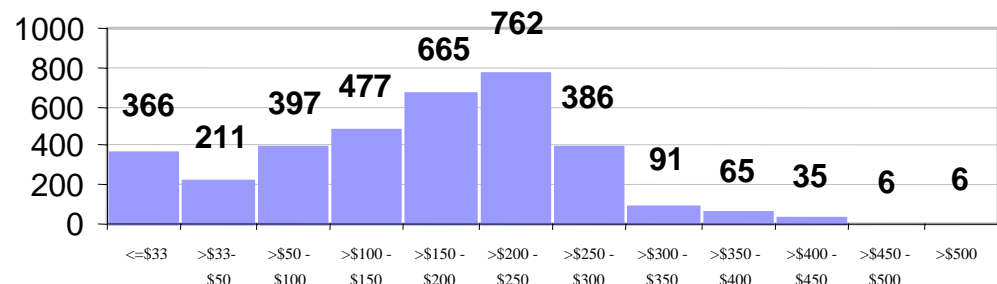
\$4/day to over \$500/day

\$1,500/year to over \$183,000/year

Total Community-Based Expenditures FY 04 = \$245 M



No. of Clients per Range of Daily Costs:
Supported Living Programs



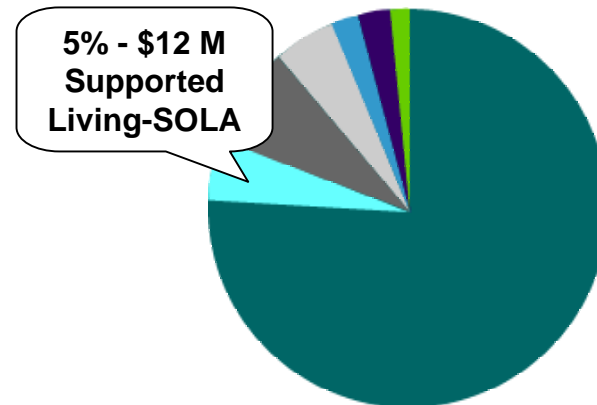
Supported Living-SOLA

Profile:

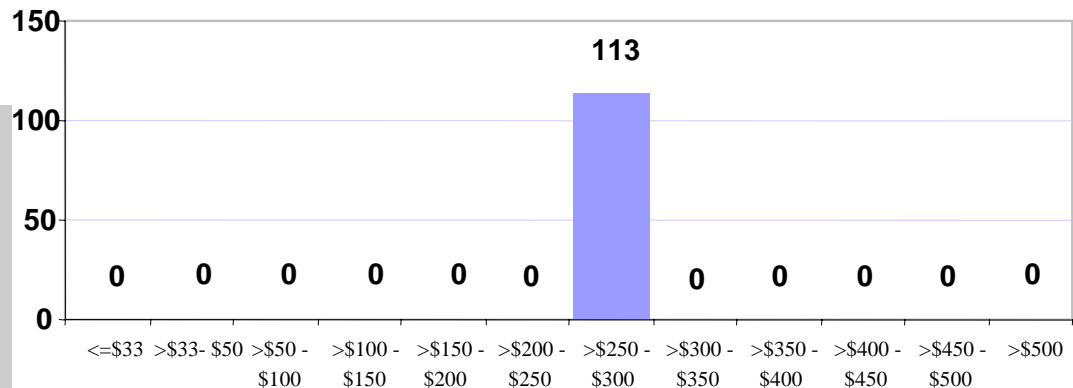
- 113 clients, 2% of community residential.
- Certified care, provided in client's residence, by a state employee.
- Includes habilitation, supervision and support services. Hours per day vary.
- Room and board costs are paid separately (i.e. through SSI).
- Any employment and day programs are paid separately.
- Clients whose needs cannot be served in adult family homes or other group settings may be served by SOLAs.
- Includes 5 clients in the Community Protection Program.

Average cost per client:
\$286.15/day
\$104,443/year

Total Community-Based Expenditures FY 04 = \$245 M



No. of Clients per Range of Daily Costs: SOLAs



Group Homes

Profile:

- 392 clients, 7% of community residential.
- Certified, licensed care through contracted provider. Settings vary from 4 to 20 DDD clients in a private facility (8 is average).
- Includes habilitation, supervision, and support services. Hours per day vary.
- Room and board costs are paid separately (i.e. through SSI).
- Any employment and day programs are paid separately.
- Client needs vary and include clients with more complex needs.
- Contracts include specific requirements for training, transportation, etc.
- Group Homes were created as an alternative to institutional care in the 1970s.

Average cost per client:

\$118.17/day

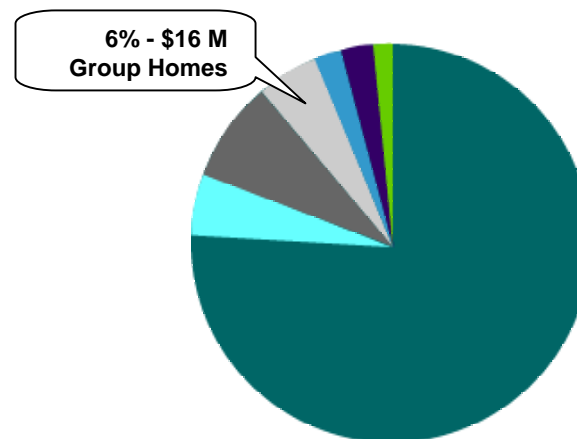
\$43,132/year

Range:

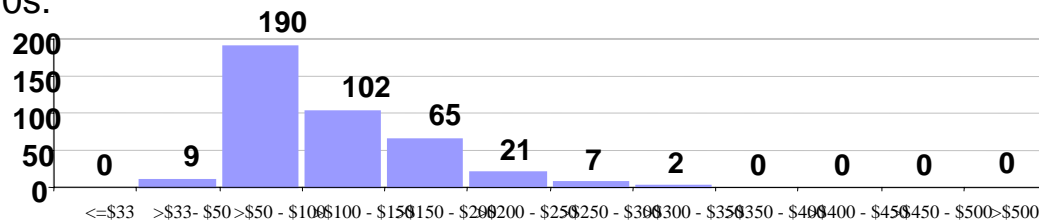
\$43/day to \$347/day

\$16,000/year to \$127,000/year

Total Community-Based Expenditures FY 04 = \$245 M



No. of Clients per Range of Daily Costs: Group Homes (GHs)

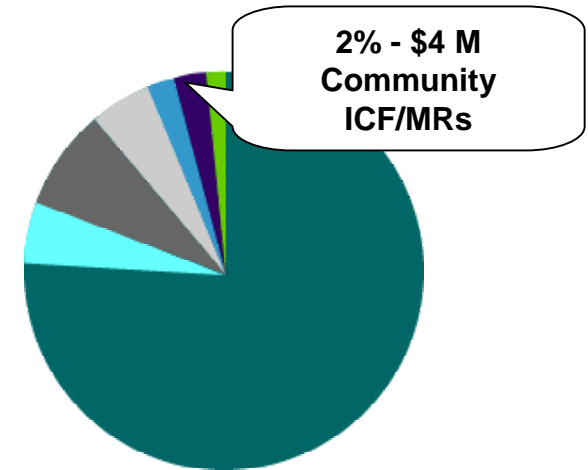


Community ICF/MRs

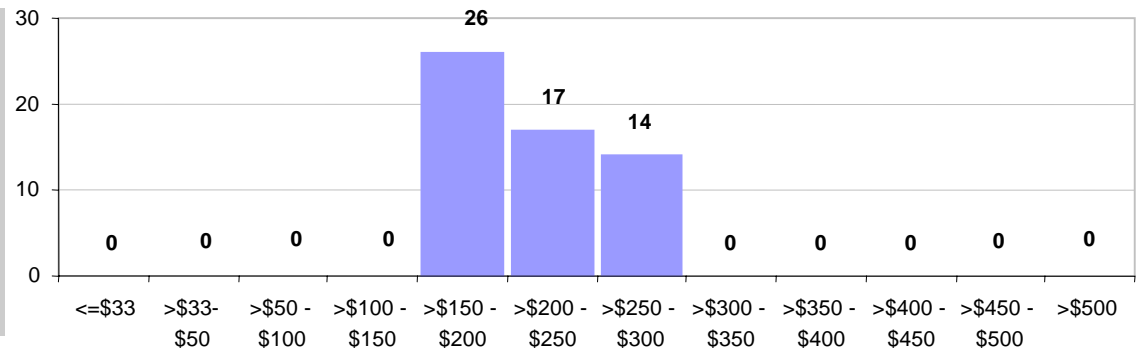
Profile:

- 58 clients, 1% of community residential.
- Certified care through contracted provider.
- Current settings vary from 5 to 14 clients in a private facility (average size of 7).
- Habilitation, and 24/7 supervision and support.
- Includes room and board.
- Any employment and day are paid separately.
- To be eligible, clients must need active treatment, as in RHC-ICF/MRs.

Total Community-Based Expenditures FY 04 = \$245 M



No. of Clients per Range of Daily Costs:
Community ICF/MRs



Average cost per client:

\$208.68/day

\$76,166/year

Range:

\$158/day to \$263/day

\$58,000/year to \$96,000/year

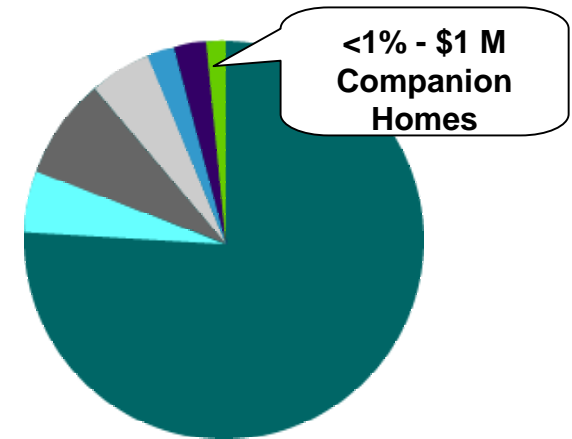
Companion Homes

Profile:

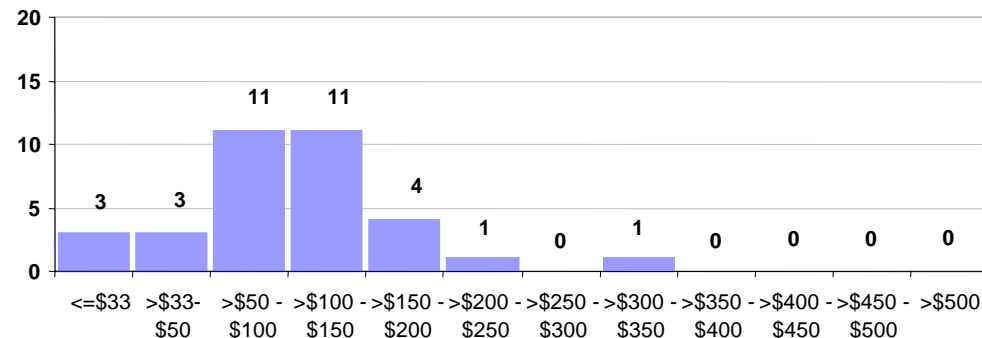
- 24 clients, <1% of community residential.
- Family foster care for adults, contracted by DDD.
- Limited to one client per foster home.
- Includes habilitation, supervision, and support. Hours vary.
- Room and board costs are paid separately (i.e. through SSI).
- Any employment and day programs are paid separately.
- Some clients moved out of RHCs and are now being cared for by their former RHC caregivers.

Average cost per client:
 \$112.05/day
 \$40,897/year
Range:
 \$23/day to \$321/day
 \$8,000/year to \$117,000/year

Total Community-Based Expenditures FY 04 = \$245 M



No. of Clients per Range of Daily Costs:
Companion Homes





Adult Family Homes (AFHs)

Profile:

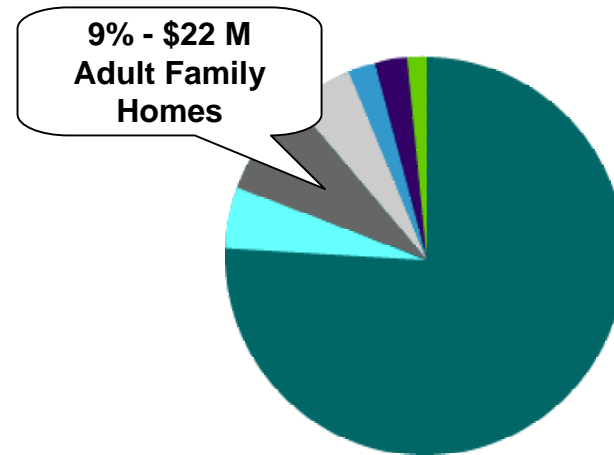
- 1,395 clients, 25% of community residential.
- Certified, licensed care through contracted provider.
- Settings vary from 1 to 6 clients in a private home, often occupied by provider's family.
- Includes supervision and support services (not habilitation). Hours per day vary.
- Room and board costs are paid separately (i.e. through SSI).
- Any employment and day programs are paid separately.
- Client needs vary and can include clients with more complex needs.
- AFHs primarily serve Long-Term Care clients, and DDD clients may be mixed with others. DDD requires special training.

Average cost per client:

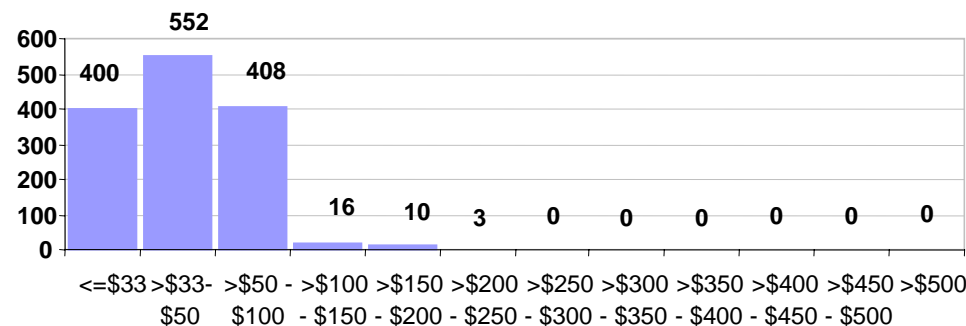
\$44.65/day

\$16,299/year

Total Community-Based Expenditures FY 04 = \$245 M



No. of Clients per Range of Daily Costs:
Adult Family Homes (AFHs)





Adult Residential Care (ARC)

Profile:

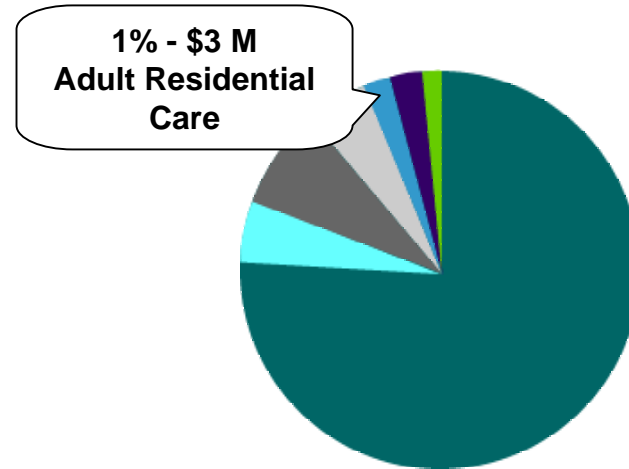
- 241 clients, 4% of community residential.
- Certified, licensed care through contracted provider.
- Current settings vary from 12 to over 100 clients in a private facility.
- Includes supervision and support (not habilitation). Hours per day vary.
- Room and board costs are paid separately (i.e. through SSI).
- Any employment and day programs are paid separately.
- Developed as a long-term care model. Clients with DD are mixed with clients with other long-term care needs.
- Used to be called Congregate Care Facilities.

Average cost per client:

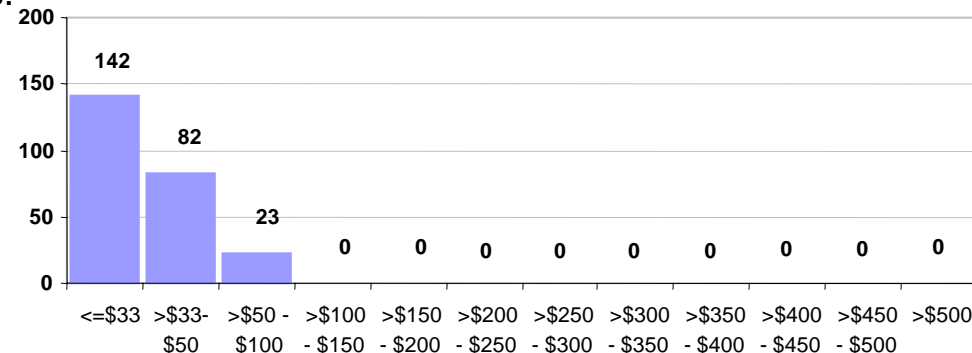
\$33.12/day

\$12,090/year

Total Community-Based Expenditures FY 04 = \$245 M



No. of Clients per Range of Daily Costs:
Adult Residential Care (ARC)





In Summary:

- Assessed client need is the biggest driver of costs, regardless of residential setting. Staffing is the largest component of costs.
- Comparable data about client need is not yet readily available.
- High needs clients with high costs are served in both institutional and community-based settings.
- Different settings provide different service levels.
- Comparing costs is difficult, as is agreeing upon a common methodology.